

SOUTH BRONX UNITED, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017

SOUTH BRONX UNITED, INC.

Table of Contents

June 30, 2017

Page(s)

Independent Auditors' Report 1-2

Statement of Financial Position..... 3

Statement of Activities 4

Statement of Functional Expenses..... 5

Statement of Cash Flows 6

Notes to Financial Statements 7-10

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
South Bronx United Inc.

We have audited the accompanying financial statements of South Bronx United Inc. and subsidiary, which comprise the statement of financial position as of June 30, 2017 and the related statements of net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Bronx United Inc. and Subsidiary as of June 30, 2017, and the changes in net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink, appearing to be a stylized name, possibly "J. L. Smith", written over the end of the opinion paragraph.

February 16, 2018

SOUTH BRONX UNITED, INC.

Statement of Financial Position

June 30, 2017

Assets

Cash and cash equivalents	\$	294,726
Pledges receivable		201,686
Grants receivable		9,023
Furniture and equipment, net		13,087
Security deposits		2,656
		<hr/>
Total Assets	\$	521,178

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$	24,006
Deferred income		25,653
		<hr/>
Total Liabilities		49,659

Net Assets:

Unrestricted		259,623
Temporarily restricted		211,896
		<hr/>
Total Net Assets		471,519
		<hr/>
Total Liabilities and Net Assets	\$	521,178

See independent auditors' report and notes to financial statements.

SOUTH BRONX UNITED, INC.
Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Contributions	\$ 376,391	\$ 255,540	\$ 631,931
Fundraising revenue	114,910	-	114,910
Program service revenue including government grants	144,020	-	144,020
Interest income	2,970	-	2,970
Support and revenue before release from restrictions	<u>638,291</u>	<u>255,540</u>	<u>893,831</u>
Net assets released from restrictions	229,941	(229,941)	-
Total Support and Revenue	<u>868,232</u>	<u>25,599</u>	<u>893,831</u>
Expenses:			
Program services:			
SBU academy	514,402	-	514,402
Recreational soccer	103,295	-	103,295
College success (SBU academy alumni)	10,784	-	10,784
Immigration legal services	29,169	-	29,169
Select soccer	12,774	-	12,774
City in the community	19,144	-	19,144
Other	18,631	-	18,631
	<u>708,199</u>	<u>-</u>	<u>708,199</u>
Management and general	95,201	-	95,201
Fundraising	70,061	-	70,061
	<u>165,262</u>	<u>-</u>	<u>165,262</u>
Total Expenses	<u>873,461</u>	<u>-</u>	<u>873,461</u>
Change in Net Assets	(5,229)	25,599	20,370
Net Assets - Beginning of year	<u>264,852</u>	<u>186,297</u>	<u>451,149</u>
Net Assets - End of year	<u>\$ 259,623</u>	<u>\$ 211,896</u>	<u>\$ 471,519</u>

See independent auditors' report and notes to financial statements.

SOUTH BRONX UNITED, INC.
Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 355,879	\$ 32,250	\$ 10,541	\$ 398,670
Payroll taxes and related benefits	47,821	5,344	1,991	55,156
Rent or facility expense	9,252	32,119	8,300	49,671
Utilities	3,862	-	-	3,862
Professional fees	-	8,055	300	8,355
Insurance	7,060	3,034	-	10,094
Staff training and development	918	2,087	1,250	4,255
Supplies	11,812	819	1,017	13,648
Equipment leases and rental	15,254	1,197	6,104	22,555
Dues and subscriptions	3,653	448	-	4,101
Contracted services	31,822	600	15,413	47,835
Transportation	22,388	6,144	92	28,624
Food	11,499	309	762	12,570
Depreciation	2,436	1,624	-	4,060
Scholarship	22,079	-	-	22,079
Coaches	49,015	-	-	49,015
Uniforms	45,183	-	-	45,183
Athletic participation costs	41,910	-	-	41,910
Website	1,275	235	192	1,702
Printing, postage, mailing service	663	757	2,983	4,403
Service contracts	12,915	-	-	12,915
Processing fees	2,155	-	3,865	6,020
Promotion	400	-	564	964
Miscellaneous	8,948	179	16,687	25,814
Total expenses	\$ 708,199	\$ 95,201	\$ 70,061	\$ 873,461

See independent auditors' report and notes to financial statements.

SOUTH BRONX UNITED, INC.**Statement of Cash Flows****Years Ended June 30, 2017**

Cash flows from operating activities:	
Change in net assets	\$ 20,370
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	4,060
Changes in operating assets and liabilities:	
Pledges and grants receivable	(103,189)
Accounts payable and accrued expenses	1,891
Deferred income	10,203
Net cash used in operating activities	<u>(66,665)</u>
Cash flows from investing activities:	
Purchases of furniture and equipment	<u>(11,500)</u>
Net cash used in investing activities	<u>(11,500)</u>
Net decrease in cash and cash equivalents	(78,165)
Cash and cash equivalents - Beginning of year	<u>372,891</u>
Cash and cash equivalents - End of year	<u><u>\$ 294,726</u></u>

See independent auditors' report and notes to financial statements.

SOUTH BRONX UNITED, INC.

Notes to Financial Statements

June 30, 2017

1. Organization and Nature of Activities

South Bronx United, Inc. (“SBU”) is a not-for-profit corporation formed in January 2009 under the New York State Not-for-Profit Corporation Act. SBU is a Section 501(c) (3) organization exempt from federal income taxes under Section 501 (a) as described in the Internal Revenue Code of 1986.

The mission of SBU is to use soccer as a vehicle for social change. SBU aims to help youth build character, teamwork, and leadership so that they can succeed in high school, college, careers, in their community and beyond. SBU strives to promote educational achievement, health and wellness, and character development through activities on and off the soccer field and to unite a diverse group of individuals and an incredibly diverse community toward common positive goals.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of SBU have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

The financial statement presentation follows the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, “Financial Statements of Not-for-Profit Organizations.” Under FASB ASC 958, SBU is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents include all highly-liquid investments available for use with initial maturity of three months or less.

Financial Statement Presentation

The classification of a not-for-profit organization’s net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

- (i) Permanently Restricted – Net assets resulting from contributions and other inflows of assets whose use by SBU is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of SBU.
- (ii) Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by SBU is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of SBU pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net asset and reported in the statement of activities.
- (iii) Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

See independent auditors’ report.

SOUTH BRONX UNITED, INC.

Notes to Financial Statements

June 30, 2017

2. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses. Actual results may differ from those estimates.

Revenue Recognition

Contributions, including unconditional promises to give to SBU, are recognized as the performance conditions of such grants are fulfilled. Pledges and other receivable not expected to be collected within a year are reported at their discounted present values.

Advertising Costs

Advertising costs are expensed as incurred.

Furniture and equipment

Furniture and equipment are reported at their costs at the date of acquisition or at their fair values at the date of donation. Depreciation of furniture and equipment is provided using the straight-line method over estimated useful lives from three to seven years.

Deferred income

Income from the registration fees received in advance is deferred and recognized in the next fiscal year.

Income Taxes

The Internal Revenue Service has determined that SBU is exempt from federal income tax under Section 501(c)(3) of the Code and is treated as a private operating foundation as described in section 4942(j)(3) of the Code.

Management adopted the applicable provisions of FASB ASC 740 which were included in pre-codification FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes." Such provision clarifies the accounting for uncertainty in tax positions and requires SBU to recognize in its financial statements only tax positions determined to be more likely than not of being sustained. In management's opinion, SBU has no uncertain tax positions as of June 30, 2017. SBU is no longer subject to audits by the applicable taxing jurisdictions for the periods prior to 2014.

Donated Goods and Services:

Donated goods and services are recorded as both revenue and expenses in the accompanying statements of activities at an amount determined by management to be reasonable for acquiring such goods and services. For the year ended June 30, 2017, SBU received donated goods and services in the amount of approximately \$54,000.

See independent auditors' report.

SOUTH BRONX UNITED, INC.

Notes to Financial Statements

June 30, 2017

3. Pledges Receivable

Contributions and other gifts promised to SBU as of June 30, 2017, but not yet collected as of that date, have been recorded as pledges receivable. The outstanding balances will be collected in the next fiscal year. The amount outstanding at June 30, 2017 amounted to \$201,686.

4. Grants Receivable

Grants receivable are amounts due to SBU under the terms of various reimbursable cost agreements signed with governmental and other agencies. The amounts due as receivable from these grants have been used to support program services. The amount outstanding at June 30, 2017 amounted to \$9,023.

5. Furniture and equipment

Furniture and equipment at June 30, 2017 consisted of the following:

Furniture	\$	829
Equipment		11,570
Vehicles		11,500
		<u>23,899</u>
Less: accumulated depreciation		<u>(10,812)</u>
Furniture and equipment (net)	\$	<u>13,087</u>

6. Temporarily Restricted Net Assets

At the fiscal year-end, temporarily restricted net assets consisted of:

Scholarships and Internships	\$	10,408
Education Director		67,652
After School and Summer Activities		43,576
Other		90,260
		<u>211,896</u>
	\$	<u>211,896</u>

Net assets released from restrictions consisted of the following:

Scholarships and Internships	\$	3,432
Education Director		60,000
After School and Summer Activities		18,453
Other		148,056
		<u>229,941</u>
Time restriction satisfied		<u>-</u>
	\$	<u>229,941</u>

See independent auditors' report.

SOUTH BRONX UNITED, INC.

Notes to Financial Statements

June 30, 2017

7. Commitment and Contingencies

SBU is obligated under non-cancelable operating leases for office space expiring on various dates through July 31, 2018. As of June 30, 2017, minimum future lease payments under the lease agreements are:

<u>June 30,</u>	
2018	\$ 28,150
2019	<u>2,350</u>
	<u>\$ 30,500</u>

Rent expense for the year ended June 30, 2017 was approximately \$49,671.

8. Concentration of Credit Risk

SBU deposits its cash with a major bank in amounts which may occasionally be in marginal excess of federal insurance limits. Management believes that there is no significant risk of loss on these accounts relating to the failure of the banking institution.

9. Subsequent Events

SBU evaluated subsequent events through February 16, 2018, the date the financial statements were available for issuance.

See independent auditors' report.